

1-27-1985

Motor Vehicle Liability Insurance

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Office of the Secretary of State
March Fong Eu

1230 J Street
Sacramento, California 95814

Elections Division
(916) 445-0820
TDD: (800) 833-8683

July 7, 1986

TO: ALL REGISTRARS OF VOTERS AND COUNTY CLERKS (86133)

FROM: *Deborah Seiler*
DEBORAH SEILER
Assistant to the Secretary of State
Elections and Political Reform

Pursuant to Elections Code § 3520, subd. (b) you are hereby notified that the total number of signatures to the hereinafter named proposed INITIATIVE STATUTE filed with all county clerks is less than 100 percent of the number of qualified voters required to find the petition sufficient; therefore, the petition has failed.

TITLE: MOTOR VEHICLE LIABILITY INSURANCE.
INITIATIVE STATUTE.

SUMMARY DATE: January 27, 1986

PROPONENT: Adam Burton

DS/lgw

F.INIT



Office of the Secretary of State
March Fong Eu

1230 J Street
Sacramento, California 95814

Elections Division
(916) 445-0820

January 27, 1986

TO ALL REGISTRARS OF VOTERS, OR COUNTY CLERKS, AND PROPONENT (8615)

Pursuant to Section 3513 of the Elections Code, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed Initiative Measure entitled:

MOTOR VEHICLE LIABILITY INSURANCE.
INITIATIVE STATUTE.

Circulating and Filing Schedule

1. Minimum number of signatures required..... 393,835
Cal. Const., Art. II, Sec. 8(b).
2. Official Summary Date..... Monday, 1/27/86
Elec. C., Sec. 3513.
3. Petition Sections:
 - a. First day Proponent can circulate Sections for signatures..... Monday, 1/27/86
Elec. C., Sec. 3513.
 - b. Last day Proponent can circulate and file with the county.
All Sections are to be filed at the same time within each
county..... Thursday, 6/26/86+
Elec. C., Secs. 3513, 3520(a).
 - c. Last day for county to determine total number of
signatures affixed to petition and to transmit total
to the Secretary of State..... Thursday, 7/3/86

(If the Proponent files the petition with the county on a date prior to 6/26/86, the county has five working days from the filing of the petition to determine the total number of signatures affixed to the petition and to transmit the total to the Secretary of State.) Elec. C., Sec. 3520(b).

- + PLEASE NOTE: To the Proponent who may wish to qualify for the 1986 General Election. The law allows approximately 67 days for county election officials to check and report petition signatures and transmit results. The law also requires that this process be completed 131 days before the election in which the people will vote on the initiative. It is possible that the county may not need precisely 67 days. But if you want to be sure that this initiative qualifies for the 1986 General Election, you should file this petition with the county before April 18, 1986.

MOTOR VEHICLE LIABILITY INSURANCE

January 27, 1986

Page 2

- d. Secretary of State determines whether the total number of signatures filed with all county clerks meets the minimum number of required signatures, and notifies the counties..... Wednesday, 7/9/86**

- e. Last day for county to determine total number of qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State..... Thursday, 7/24/86

(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 7/3/86, the last day is not later than the fifteenth day after the county's receipt of notification.)
Elec. C., Sec. 3520(d), (e).

- f. If the signature count is more than 433,218 or less than 354,452, then the Secretary of State certifies the petition has qualified or failed, and notifies the counties. If the signature count is between 354,452 and 433,218 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of all signatures..... Wednesday, 7/30/86**

- g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State..... Friday, 8/29/86

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 7/24/86, the last day is not later than the thirtieth day after county's receipt of notification.)
Elec. C., Sec. 3521(b), (c).

- h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient..... Monday, 9/1/86

**Date varies based on receipt of county certification.

MOTOR VEHICLE LIABILITY INSURANCE

January 27, 1986

Page 3

4. Campaign Statements:

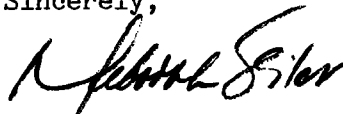
Last day to file a campaign statement of receipts
and expenditures for period ending 7/24/86 Thursday, 7/31/86

(If the Secretary of State finds that the measure has
either qualified or failed to qualify on a date earlier
than 6/26/86 the last date to file is the 35th calendar
day after the deadline for filing petitions or the date
of notification by the Secretary of State that the
measure has either qualified or failed to qualify, whichever
is earlier. The closing date for the campaign statement
is seven days prior to the filing deadline.)
Gov. C., Secs. 84200(d), 84202(j).

5. The Proponent of the above named measure is:

Mr. Adam Burton
P.O. Box 17337
Los Angeles, CA 90017

Sincerely,



DEBORAH SEILER
Assistant to the Secretary of State
Elections and Political Reform

NOTE TO PROPONENT: Your attention is directed to Elections Code
Sections 41, 44, 3501, 3507, 3508, 3516, 3517, and 3519 for appropriate
format and type considerations in printing, typing, and otherwise preparing
your initiative petition for circulation and signatures. Your attention
is further directed to the campaign disclosure requirements of the
Political Reform Act of 1974, Government Code Section 81000 et seq.

Date: January 27, 1985
File No.: SA 85 RF 0022

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

MOTOR VEHICLE LIABILITY INSURANCE. INITIATIVE STATUTE.
Requires motor vehicle liability insurance be issued and rates set solely on basis of insured's driving record and vehicle type. Prohibits rates based on race, color, religion, national origin, ancestry, sex, age, marital status, or geographical location. Prohibits insurance company charging more than its lowest rate as of January 1, 1985. Permits raising rates annually upon Insurance Commissioner approval after proof by substantial evidence at public hearing that increases correspond to increased costs. If insurance companies refuse to issue policies, requires state establish a state owned and operated insurance program funded from premiums paid. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Rolling back insurance rates to January 1, 1985, for each category of driver and type of vehicle would reduce state insurance tax revenues by about \$37 million in 1987. Requiring an insurer to charge its lowest rate would reduce tax revenue by an additional unknown but substantial amount. The ongoing revenue effect would depend upon the magnitude of future rate increases granted by Insurance Commissioner. The Insurance Commissioner would incur ongoing annual administrative costs of several million dollars to hold public hearings and review and approve rate increases. If state is required to establish and operate its own insurance program, the start-up costs could require the state to advance in excess of \$100 million. It is unknown when these advances would be repaid. There could be additional annual state revenue loss.

JOHN K. VAN DE KAMP
Attorney General

State of California
DEPARTMENT OF JUSTICE



1515 K STREET, SUITE 511
SACRAMENTO 95814
(916) 445-9555

January 27, 1986

(916) 324-5472

0376

Honorable March Fong Eu
Secretary of State
1230 J Street
Sacramento, California 95814

FILED
In the office of the Secretary of State
of the State of California

JAN 27 1986

Dear Mrs. Eu:

MARCH FONG EU, Secretary of State

By *Robert Burton*
Deputy

Re: Initiative Title and Summary.
Our File No. SA85RF0022

Pursuant to the provisions of section 3503 and 3513 of the Elections code, you are hereby notified that on this day we mailed to the proponent(s) of the above identified proposed initiative our title and summary.

Enclosed is a copy of our transmittal letter to the proponent(s), a copy of our title and summary, a declaration of mailing thereof, and a copy of the proposed measure.

According to information available in our records, the name(s) and address(es) of the proponent(s) is as stated on the declaration of mailing.

Very truly yours,

JOHN K. VAN DE KAMP
Attorney General

Robert Burton

Robert Burton
Deputy Attorney General

Enclosure

(RF-10, 6/83)

ACLU FOUNDATION

of Southern California

633 South Shatto Place • Los Angeles, Ca. 90005 • (213) 487-1720

January 7, 1986

Robert Burton
Deputy Attorney General
California Department of Justice
1515 K Street, Suite 511
Sacramento, CA 95814

Re: Initiative For Fair Motor Vehicle Liability Rates
Your File No. SA85RF0022

Dear Mr. Burton,

Pursuant to our conversation of yesterday, I have amended the initiative to eliminate the conflict which you identified by stating simply that Insurance code Section 11628 is repealed. I have enclosed a copy of the amended initiative for your use. Please refer to my letter of January 3 for reference to other changes which have been made in the measure.

I am the attorney representing Mr. Adam Burton with respect to the Fair Motor Vehicle Liability rates initiative; and I am authorized to make the above change.

Very truly yours,

Gary Williams
Gary Williams

GW/jd

Chairman
Stanley A. Scheinbaum
Chair
Barrie O'Sullivan
President
Norman Lear
Vice Presidents
Alan Bergman
Madeline Goodwin
Allan Jones
George Saff
Treasurer
Louis Cohen
Assistant Treasurer
Jerry Godell
Secretary
Irma Cohen
Assistant Secretary
Lloyd M. Smith
Of Counsel
Sidney Machinger
Robert Ornstein
Board of Directors
Ruth Abraham
I.B. Adelman
Lucy Adelman
Sheldon Anderson
Marvin Bergman
Rayard Berman
LaRue Caughey
John Caughey
Johnnie L. Cochran Jr.
Robert Cohn
Cathryn Ellison D.C.
Joyce S. Fine
Mary Ellen Gale
Gloria Godell
Harry Goss
Antoinette Z. Haber
Hugh M. Heiner
Fred Heim
Eileen Heim
Dorothy Joras
Jimi Kauter
Burt Lancaster
Jennings Lang
Frances Lear
Irving Lichtenstein, M.D.
John McTernan
Paula Machinger
Shirley Magidson
Sol Marcus
Steven Markoff
Faye Suell Mayo
Frederick M. Nicholas
Virginia Olney
Max Palevsky
Judy Balaban Quine
Joan Rich
Joan Rich
Richard Rosenzweig
Pat Roth
Robert Shuman
Alan Sieroty
Eve Staff
John T. Tice Jr.
Florence Tenkin
John V. Tunney
June Tyre
Philip Wain
Robert Wise
Chic Wolf
Leo Wyler
Lorraine Zahn
Executive Committee
Executive Director
Ramona Ripston
Associate Director
Carol A. Sobel
Legal Director Emeritus
Fred Okrand
Legal Director
Paul Hoffman
General Counsel
Mark D. Rosenbaum
Counsel
Gilbert Gaylor
Joan Howard
Rebecca Jurado
Susan McGraw
Gary Williams
Director of Development
David Hazan
Director of Planned Giving
Dr. James L. Watson
Director of Public Information
Rosa Martinez
Director of Finance
MaGonna Posky

12-point
Boldface
Type

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

Type: Roman
Boldface not
smaller than
12-point

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

We, the undersigned, registered, qualified voters of California, residents of _____ County (or City and County), hereby propose amendments to the Insurance Code, relating to motor vehicle liability insurance rates and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election prior to that general election or otherwise provided by law. The proposed statutory amendments read as follows:

Section 1. Section 1851 of the Insurance Code is amended to read:

1851. The provisions of this chapter shall apply to all insurance on risks or on operations in this state, except:

(a) Reinsurance, other than joint reinsurance to the extent stated in Article 5.

(b) Life insurance.

(c) Insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies. Inland marine insurance shall be deemed to include insurance now or hereafter defined by statute, or by interpretation thereof, or if not so defined or interpreted, by ruling of the commissioner or as established by general custom of the business, as inland marine insurance.

(d) Title insurance.

(e) Disability insurance.

(f) Workers' compensation insurance and insurance of any liability of employers for injuries to, or death of, employees arising out of, and in the course of, employment when this insurance is incidental to, and written in connection with, the workers' compensation insurance issued to the same employer and covering the same employer interests.

(g) Mortgage insurance.

(h) Insurance transacted by county mutual fire insurers or county mutual fire reinsurers.

(i) Motor vehicle liability insurance.

SEC. 2. Chapter 10 (commencing with Section 1870) is added to Part 2 of Division 1 of the Insurance Code, to read:

CHAPTER 10. MOTOR VEHICLE LIABILITY INSURANCE RATES

1870. This chapter shall be known and may be cited as the Fair Motor Vehicle Liability Rates Act of 1986.

1871. The People of the State of California do hereby find and declare that it is in the public interest that every person who drives a motor vehicle carry a minimum amount of motor vehicle liability insurance, so that all persons involved in motor vehicle accidents have a reasonable expectation of being compensated for any injuries sustained. However, current practices of the insurance industry which set liability rates on the basis of discriminatory criteria such as age, sex, marital status and geographic location have made liability insurance so expensive for those affected that they cannot afford to purchase such coverage. The purpose of this chapter is to prohibit the use of all discriminatory criteria in the determination of motor vehicle liability insurance rates, to limit insurance companies to consideration of an individual's driving record and the type of vehicle insured

in determining those rates, and to thereby make that coverage available to all citizens of this state on a non-discriminatory basis. This is a remedial measure, and its provisions are to be liberally construed.

1872. All admitted insurers, licensed to issue and issuing motor vehicle liability policies as defined in Section 16450 of the Vehicle Code, shall issue those policies, and set rates therefor, solely upon the basis of the individual insured's driving record and the type of motor vehicle insured. All admitted insurers shall be prohibited from determining or setting motor vehicle liability insurance rates on the basis of, among other things, race, color, religion, national origin, ancestry, sex, age, marital status or geographic location. The use of any factors other than driving record and type of vehicle shall constitute unlawful discrimination.

1873. No admitted insurer, licensed to issue and issuing motor vehicle liability insurance policies as defined in Section 16450 of the Vehicle Code, shall fail or refuse to accept an application for that insurance, to issue that insurance to an applicant therefor, or issue or cancel that insurance under conditions less favorable to the insured than in other comparable cases, except for reasons applicable alike to persons of every race, color, religion, national origin, ancestry, sex, age, marital status, or geographic location.

1874. Upon the effective date of this chapter, no admitted insurer, licensed to issue and issuing motor

vehicle liability insurance as defined in Section 16450 of the Vehicle Code, shall charge more for any such policy than its lowest rate charged in this state, as of January 1, 1985, for any specific type of motor vehicle and any category of driving record. Thereafter, an admitted insurer may raise its rates only once in any year, only upon an application made to the Insurance Commissioner, based upon an adequate showing, made in a public hearing, that the increase corresponds to a proven increase in the cost of writing those policies. An application for an increase in rates shall include a complete and accurate record of the applicant's investment of motor vehicle liability insurance premiums, and a complete accounting of any profits generated by that investment. An application which does not include a complete and accurate record of investment and a complete accounting of profits shall be denied. The Insurance Commissioner shall deduct any profits made by the applicant from investment of liability insurance premiums from any losses claimed by the applicant. The Insurance Commissioner shall only approve an application for an increase in rates where the application is supported by substantial evidence. No application for an increase in rates shall be submitted or accepted for one year following the effective date of this chapter.

Each admitted insurer shall immediately provide the Insurance Commissioner with its rating manuals for 1985 or the rating manuals of the rating bureau of which the insurer was a member or subscriber for the year 1985 and a complete

schedule of its motor vehicle liability rates as of January 1, 1985.

1875. Failure to comply with the provisions of this chapter shall be punishable either by a penalty of up to ten thousand dollars (\$10,000) to be determined by the Insurance Commissioner, loss of the license to issue motor vehicle liability insurance in this state, or both. Actions to enforce this statute, or to challenge the approval of an application for an increase in motor vehicle liability rates under Section 1874, may be brought by the Attorney General or any citizen of the State of California in any Superior Court of this state. A litigant who successfully enforces the provisions of this measure or successfully challenges the grant of an application for an increase in motor vehicle liability rates shall be awarded attorneys' fees and costs.

1876. In the event that the admitted insurers licensed to issue and issuing motor vehicle liability policies as defined in Section 16450 of the Motor Vehicle Code, fail or refuse to issue policies in accordance with the requirements of this chapter, the State of California shall establish a state owned and operated motor vehicle liability insurance program, to be administered in accordance with the requirements of this chapter. Such program shall be established within six months after the Insurance Commissioner has determined that insurers writing 50% or more of the total number of motor vehicle liability policies in this state, as of the effective date of this chapter, have failed or refused to issue policies in

accordance with the requirements of this chapter. Motor vehicle liability insurance policies shall be made available through the Department of Motor Vehicles, and the program shall be administered by the Insurance Commissioner. The costs of the program shall be derived from the premiums paid. The Legislature may pass such laws as are necessary to implement the state operated motor vehicle liability insurance program by a simple majority vote, notwithstanding section 1877.

1877. This chapter shall not be amended by the Legislature except to further its purpose by a statute passed by a rollcall vote, two-thirds of the membership of each house of the Legislature concurring, or by a statute that becomes effective only when approved by the electors.

1878. If any provision of this chapter or the application thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

SEC. 3. Section 11628 of the Insurance Code is repealed.

JOHN K. VAN DE KAMP
Attorney General

State of California
DEPARTMENT OF JUSTICE



1515 K STREET, SUITE 500
SACRAMENTO 95814
(916) 445-9555

January 27, 1986

(916) 324-5472

Mr. Adam Burton
P: O. Box 17337
Los Angeles, CA 90017

Re: Initiative Title and Summary.
Subject: MOTOR VEHICLE LIABILITY INSURANCE
Our File No. SA85RF0022

Pursuant to your request, we have prepared the attached title and summary of the chief purposes and points of the above identified proposed initiative. A copy of our letter to the Secretary of State, as required by Elections Code sections 3503 and 3513, our declaration of mailing, and the text of your proposal that was considered is attached.

The Secretary of State will be sending you shortly a copy of the circulating and filing schedule for your proposal that will be issued by that office.

Please send us a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file in this matter.

Very truly yours,

JOHN K. VAN DE KAMP
Attorney General

A handwritten signature in cursive script, appearing to read "R. Burton".

Robert Burton
Deputy Attorney General

Attachment



DECLARATION OF MAILING

The undersigned Declarant, states as follows:

I am over the age of 18 years and not a proponent of the within matter; my place of employment and business address is 1515 K Street, Suite 511, Sacramento, California 95814.

On the date shown below, I mailed a copy or copies of the attached letter to the proponents, by placing a true copy thereof in an envelope addressed to the proponents named below at the addresses indicated, and by sealing and depositing said envelope or envelopes in the United States mail at Sacramento, California, with postage prepaid. There is delivery service by United States mail at each of the places so addressed, or there is regular communication by mail between the place of mailing and each of the places so addressed.

Date of Mailing: 1/27/86

Subject: MOTOR VEHICLE LIABILITY INSURANCE


Our File No.: SA85RF0022

Name of Proponent(s) and Address(es):

MR. ADAM BURTON
P.O. Box 17337
LOS ANGELES, CA 90017

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Sacramento, California on 1/27/86


Declarant

Adam Burton
1250 Wilshire Boulevard
Suite 303
P.O. Box 17337
Los Angeles, CA 90017

#376

SA85RF0022

December 16, 1985

Bryant Taugher
Special Assistant to Attorney General John Van De Kamp
California Department of Justice
1515 K Street
Sacramento, CA 95814

Re: Proposed Ballot Initiative

Dear Mr. Taugher,

I am the proponent of a proposed ballot initiative which is designed to eliminate the use of discriminatory factors in the setting of automobile liability insurance rates. I am submitting this measure to your office for the preparation of the ballot title and summary. I have enclosed a copy of the measure, a check for \$200.00, and a certified copy of proof of my voter registration.

As we discussed, time is of the essence in handling this matter, as we want to put it on the ballot for the November 1986 election. We would like to have a press conference announcing the kick off of the signature campaign during the week of January 13, 1986, if at all possible, so your personal attention to this matter will be most appreciated.

If you have any questions or problems, please do not hesitate to call me at (213) 233-0733. Your cooperation in this matter will be most appreciated.

Sincerely,

Adam Burton

Adam Burton

Adam Burton
Special Assistant to
AUGUSTUS F. HAWKINS
Member of Congress - 29th District

4509 South Broadway
Los Angeles, California 90037

(213) 233-0733

12-point
Boldface
Type

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

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TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

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SECTION 1. Section 1851 of the Insurance Code
is amended to read:

1851. The provisions of this chapter shall
apply to all insurance on risks or on operations in this
state, except:

(a) Reinsurance, other than joint reinsurance to
the extent stated in Article 5.

(b) Life insurance.

(c) Insurance of vessels or craft, their cargoes,
marine builders' risks, marine protection and indemnity,
or other risks commonly insured under marine, as
distinguished from inland marine, insurance policies.
Inland marine insurance shall be deemed to include
insurance now or hereafter defined by statute, or by
interpretation thereof, or if not so defined or
interpreted, by ruling of the commissioner or as
established by general custom of the business, as inland
marine insurance.

(d) Title insurance.

(e) Disability insurance.

(f) Workers' compensation insurance and
insurance of any liability of employers for injuries to,
or death of, employees arising out of, and in the course
of, employment when this insurance is incidental to, and

written in connection with, the workers' compensation insurance issued to the same employer and covering the same employer interests.

(g) Mortgage insurance.

(h) Insurance transacted by county mutual fire insurers or county mutual fire reinsurers.

(i) Motor vehicle liability insurance.

SEC. 2. Chapter 10 (commencing with Section 1870) is added to Part 2 of Division 1 of the Insurance Code, to read:

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1870. This chapter shall be known and may be cited as the Fair Motor Vehicle Liability Rates Act of 1986.

1871. The People of the State of California do hereby find and declare that it is in the public interest that every person who drives a motor vehicle carry a minimum amount of motor vehicle liability insurance, so that all persons involved in motor vehicle accidents have a reasonable expectation of being compensated for any injuries sustained. However, current practices of the insurance industry which set liability rates on the basis

of discriminatory criteria such as age, sex, marital status, and geographic location have made liability insurance so expensive for those affected that they cannot afford to purchase such coverage. The purpose of this chapter is to prohibit the use of all discriminatory criteria in the determination of motor vehicle liability insurance rates, to limit insurance companies to consideration of an individual's driving record and the type of vehicle insured in determining those rates, and to thereby make that coverage available to all citizens of this state on a nondiscriminatory basis. This is a remedial measure, and its provisions are to be liberally construed.

1872. All admitted insurers, licensed to issue and issuing motor vehicle liability insurance policies as defined in Section 16450 of the Vehicle Code, shall issue those policies, and set rates therefor, solely upon the basis of the individual insured's driving record and the type of motor vehicle insured. All admitted insurers shall be prohibited from determining or setting motor vehicle liability insurance rates on the basis of, among other things, race, color, religion, national origin, ancestry, sex, age, marital status, or geographic location. The use of any factors other than driving record and type

of vehicle shall constitute unlawful discrimination.

1873. No admitted insurer, licensed to issue and issuing motor vehicle liability insurance policies as defined in Section 16450 of the Vehicle Code, shall fail or refuse to accept an application for that insurance, to issue that insurance to an applicant therefor, or issue or cancel that insurance under conditions less favorable to the insured than in other comparable cases, except for reasons applicable alike to persons of every race, color, religion, national origin, ancestry, sex, age, marital status, or geographic location.

1874. Upon the effective date of this chapter, no admitted insurer, licensed to issue and issuing motor vehicle liability insurance as defined in Section 16450 of the Vehicle Code, shall charge more for any such policy than the lowest rate charged in this state, as of January 1, 1985, for any specific type of motor vehicle and any class of driving record. Thereafter, an admitted insurer may raise its rates only once in any year, upon an application made to the Insurance Commissioner, based upon an adequate showing, made in a public hearing, that the increase corresponds to a proven increase in the cost of writing those policies. The Insurance Commissioner shall only approve an application for an increase in rates where

the application is supported by substantial evidence.

Each admitted insurer shall immediately provide the Insurance Commissioner with a complete schedule of its motor vehicle liability rates as of January 1, 1985.

1875. Failure to comply with the provisions of this chapter shall be punishable either by a penalty of up to ten thousand dollars (\$10,000) to be determined by the Insurance Commissioner, loss of the license to issue motor vehicle liability insurance in this state, or both. Actions to enforce this statute, or to challenge the approval of an application for an increase in motor vehicle liability rates under Section 1874, may be brought by the Attorney General or any citizen of the State of California in any Superior Court of this state. A litigant who successfully enforces the provisions of this measure or successfully challenges the grant of an application for an increase in motor vehicle liability rates shall be awarded attorney's fees and costs.

1876. In the event that the admitted insurers licensed to issue and issuing motor vehicle liability policies as defined in Section 16450 of the Motor Vehicle Code, fail or refuse to issue policies in accordance with the requirements of this chapter, the State of California shall establish a state owned and operated motor vehicle

liability insurance program, to be administered in accordance with the requirements of this chapter. Such program shall be established within six months after the Insurance Commissioner has determined that insurers writing 50% or more of the total number of motor vehicle liability policies in this state, as of the effective date of this chapter, have failed or refused to issue policies in accordance with the requirements of this chapter. Motor vehicle liability insurance policies shall be made available through the Department of Motor Vehicles, and the program shall be administered by the Insurance Commissioner. The costs of the program shall be derived from the premiums paid. The Legislature may pass such laws as are necessary to implement the state operated motor vehicle liability insurance program by a simple majority vote, notwithstanding section 1877.

1877. This chapter shall not be amended by the Legislature except to further its purpose by a statute passed by a rollcall vote, two-thirds of the membership of each house of the Legislature concurring, or by a statute that becomes effective only when approved by the electors.

1878. If any provision of this chapter or the application thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SEC. 3. Section 11628 of the Insurance Code is amended to read:

11628. (a) No admitted insurer, licensed to issue and issuing motor vehicle liability policies as defined in Section 16450 of the Vehicle Code, shall fail or refuse to accept an application for such insurance, to

issue such insurance to an applicant therefor; or issue or cancel such insurance under conditions less favorable to the insured than in other comparable cases; except for reasons applicable alike to persons of every race; language; color; religion; national origin; ancestry; or the same geographic area; nor shall race; language; color; religion; national origin; ancestry; or location within a geographic area of itself constitute a condition or risk for which a higher rate; premium; or charge may be required of the insured for such insurance.

As used in this section "geographic area" means a portion of this state of not less than 20 square miles defined by description in the rating manual of an insurer or in the rating manual of a rating bureau of which the insurer is a member or subscriber. In order that geographic areas used for rating purposes may reflect homogeneity of loss experience; a record of loss experience for such geographic area shall include the breakdown of actual loss experience statistics by zip code area (as designated by the United State Postal Service) within each geographic area for family owned private passenger motor vehicles and lightweight commercial motor vehicles; under 11/2-ton load capacity; used for local service or retail delivery; normally within a 50-mile

radius of garaging, and which are not part of a fleet of five or more motor vehicles under one ownership. A record of loss experience for such geographic area, including such statistical data by zip code area, shall be available for examination by the commissioner. Differentiation in rates between geographical areas shall not constitute unfair discrimination.

As used in this section, "language" means the inability to speak, read, write, or comprehend the English language.

(b)

(a) No admitted insurer, licensed to issue and issuing motor vehicle liability insurance policies as defined in Section 16450 of the Vehicle Code, shall fail or refuse to accept an application for such insurance, refuse to issue such insurance to an applicant therefor, or cancel such insurance solely for the reason that the applicant for such insurance or any insured is employed in a specific occupation.

Nothing in this section shall prohibit an insurer from:

(1) Considering the occupation of the applicant or insured as a condition or risk for which a higher rate or discounted rate may be required or offered for coverage

in the course and scope of his or her occupation.

(2) Charging a deviated rate to any classification of risks involving a specific occupation, or grouping thereof, if the rate meets the requirements of Chapter 9 (commencing with Section 1850) of Part 2 of Division 1 and is based upon actuarial data which demonstrates a significant actual historical differential between past losses or expenses attributable to the specific occupation, or grouping thereof, and the past losses or expenses attributable to other classification of risks. For purposes of compiling such actuarial data for a specific occupation or grouping thereof, a person shall be deemed employed in the occupation in which that data is compiled if: (A) the majority of his or her employment during the previous year was in the occupation, or (B) the majority of his or her aggregate earnings for the immediate preceding three-year period were derived from the occupation, or (C) the person is a member in good standing of a union which is an authorized collective-bargaining agent for persons engaged in the occupation.

Nothing in this section shall be construed to include in the definition of "occupation" active duty service in the Armed Forces of the United States, any

status or activity which does not result in remuneration for work done or services performed, or self-employment in a business operated out of an applicant's or insured's place of residence or persons engaged in the renting, leasing, selling, repossessing, rebuilding, wrecking or salvaging of motor vehicles.

{c}

(b) Nothing in this section shall limit or restrict the ability of an insurer to refuse to accept an application for or refuse to issue or cancel such insurance for the reason that it is a commercial vehicle or based upon the consideration of a vehicle's size, weight, design or intended use.

{d}

(c) It is the intent of the Legislature that actuarial data by occupation may be examined for credibility by the commissioner on the same basis as any other automobile insurance data which he or she is empowered to examine.

{e}

(d) The provisions of this section shall be known and may be cited as the "Rosenthal-Robbins Auto Insurance Nondiscrimination Law."

NEWS RELEASE

from: Secretary of State March Fong Eu
1230 J Street, Sacramento, CA 95814
(916) 445-6375

For Immediate Release
January 28, 1986

Contact: Caren Daniels-Meade
Melissa Warren

MOTOR VEHICLE INSURANCE INITIATIVE BEGINS CIRCULATION EU CALLS FOR SEVENTH "CON" BALLOT ARGUMENT

SACRAMENTO — Declaring that it is in the public interest for every driver to carry a minimum amount of motor vehicle insurance, a Los Angeles man has launched an initiative drive to ensure coverage is available to all Californians, Secretary of State March Fong Eu announced today (Jan. 28).

Adam Burton is the proponent of the measure which would require that issuance of and rates for motor vehicle liability insurance be solely on the basis of the insured's driving record and vehicle type. The use of any factors such as race, color, sex, age, marital status, or geographic location "shall constitute unlawful discrimination." Insurance companies could charge no more than their lowest rate as of January 1, 1985 and could raise rates annually only with the approval of the Insurance Commissioner following proof at public hearings that the increases reflect increased costs. If insurance companies refused to issue policies, a state owned and operated program, funded from the premiums paid, would be established.

The measure, titled "Motor Vehicle Liability Insurance," is an initiative statute requiring 393,835 signatures of duly registered voters to qualify for a spot on the ballot. The last day proponent Burton can submit signatures is June 26; however, if he wishes to place the measure on the Nov. 4 general election ballot, he should submit all signatures by April 18 to allow sufficient time for the full signature verification process before the June 26 ballot measure qualification deadline.

(over)

Eu...Page2.

A copy of the initiative, its title and summary and circulation calendar is attached.

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PLEASE NOTE: Yesterday (Jan. 27) Dr. Eu called for arguments against six of the seven measures qualified for the June 3 ballot. We have since learned that no legislative author has agreed to write the argument against ACA 55 so arguments are needed against all seven measures currently on the ballot.